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12 May 1966

DCI BRIEFING NOTES

INDONESIA

- I. The new Indonesian Government is embarking on a moderate course in both domestic and international affairs.
 - A. Indonesia's three major leaders now are General Suharto, Foreign Minister Adam Malik, and the Sultan of Jogjakarta, who directs economic matters.
 1. They are giving top priority to solving domestic problems. This means, first of all, trying to put Indonesia's long misused economy on a more rational basis.
 2. Malik and the Sultan have stated publicly that they will accept aid from any country. The US is sending 50,000 tons of rice--a fraction of Indonesia's need--in the near future.
 3. Malik has announced that Indonesia will return to its former neutral path in international affairs, and has expressed an intention to return Indonesia to the United Nations.
- II. Sukarno is still president and prime minister, but his de facto power is slight.

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- A. He continues to maneuver to regain at least the appearance of political initiative. His assets have been so greatly reduced, however, that at most he should only be able to obstruct the government's new policies temporarily.
 - B. Some of General Suharto's advisers are suggesting that he depose or exile Sukarno; Suharto, aware of Sukarno's continuing popularity in parts of the nation, apparently prefers to do neither.
- III. While relations with the West have improved, relations with Communist China are at an all-time low.
- A. Anti-Chinese activity has mounted throughout Indonesia.
 - 1. Overseas Chinese schools have been closed, and many Chinese businesses have been confiscated by anti-Communist Moslem groups.
 - 2. In mid-April, in the most extreme of many attacks on official Chinese installations, the Communist Chinese Embassy in Djakarta was sacked.

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- B. The new Djakarta regime, by its failure to curb this activity, appears to be pushing relations with Peking to the breaking point. Neither Peking nor Djakarta appear willing to initiate a formal break, however. Continuing propaganda warfare between Peking and Djakarta is likely to become more and more abusive.
- C. Foreign Minister Malik and other leaders have expressed a desire to end Indonesia's confrontation with Malaysia, but there are no firm indications that the new government is ready to accept the present composition of the Malaysian federation.
1. Confrontation, therefore, is likely to continue on a political level, while its military aspect, already at a low level, gradually diminishes.
 2. Djakarta's announcement that it will soon recognize Singapore is viewed primarily as an effort to bolster the Indonesian economy by resuming the once-lucrative trade with Singapore. At the same time, Djakarta's overture to Singapore has already served to widen the breach between Malaysia and Singapore--an extra dividend for Indonesia.

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3. Talks in Bangkok on 30 April and 1 May between the Indonesian and Philippine foreign ministers produced an understanding that the Philippines will recognize Malaysia in early June and that Indonesia will recognize Singapore shortly thereafter.
4. Malik has told a Malaysian official that Indonesia would like another survey of public opinion in Malaysia's Borneo territories as to whether people want to remain under Malaysian administration.

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